

PHILIP MORRIS U.S.A.

INTEROFFICE CORRESPONDENCE

120 PARK AVENUE, NEW YORK, NY 10017

TO: R. MIKULAY
FROM: A. GOLDFARB
SUBJECT: BUCKS PACKAGE CHANGE

DATE: JUNE 14, 1991

With the upcoming Bucks package change, scheduled to begin shipping no later than September 1, it turns out that we will have approximately 500,000 cartons (100 million units) in left over inventory (Bucks Lights). We basically have three options available to us.

- ° Destroy the product at a cost of \$600k
- ° Try to ship the product overseas to deplete the inventory
- ° Run this excess inventory on promotion in the Military (Buy 1 Carton Get 1 Free)

The last option is recommended as: it can be accomplished at an incremental cost of only \$300k versus destroying the product; allows us to recapture, volume forecast from 1st revised; and helps build the Brand in a price sensitive environment.

L. Glennie has been contacted and he/his people believe they can move the units. At this point I need approval to proceed. Please note that currently funds are not available to cover this project and will need to be resolved at third revised.

cc: D. Ball
D. Berenson
R. Eck
E. Egan
L. Glennie
M. Moore
M. Suter
M. Walchak

AG215/db